

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

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|--|--|---|-------------|
| LRB Number 01-1118/1 | | Introduction Number SB-360 | |
| Subject Tobacco compliance checks by municipalities | | | |
| Fiscal Effect | | | |
| State: | | | |
| <input checked="" type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate | | | |
| <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations | | <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs | |
| Local: | | | |
| <input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate | | | |
| 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | | 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |
| 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts | | | |
| Fund Sources Affected | | Affected Ch. 20 Appropriations | |
| <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS | | | |
| Agency/Prepared By | | Authorized Signature | Date |
| DHFS/ Mark Resheske (608) 267-0356 | | Fred Ellen Bove (608) 266-2907 | 1/22/02 |

Fiscal Estimate Narratives
DHFS 1/22/02

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|---|-----------|---------------------|--------|---------------|----------|
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| Subject | | | | | |
| Tobacco compliance checks by municipalities | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Current law authorizes the Department of Health and Family Services (DHFS) to conduct unannounced investigations of retail outlets to survey compliance with the prohibitions against selling cigarettes or tobacco products to minors. These investigations, in which teenagers under adult supervision attempt to buy tobacco products, must be conducted according to procedures established in statute. Current law authorizes certain other governmental regulatory authorities (local health departments, a state agency, or a state or local law enforcement agency) to conduct such investigations, but only if they are under contract with DHFS.

This bill permits governmental authorities to conduct the compliance investigations without having to contract with DHFS. The governmental regulatory agency that conducts an investigation must comply with the current statutory requirements for investigations and any standards established by DHFS. The bill relieves the Department of conducting an annual evaluation of the investigation programs for each governmental regulatory authority. Also under the bill, municipalities must require applicants for licenses to sell cigarettes or tobacco products to specify whether they will sell the cigarette or tobacco products over the counter or in a vending machine or both.

Changes in the bill in regards to the sale of cigarettes or tobacco products and conducting compliance and enforcement investigations of retail establishments would not have a fiscal effect on state or local human services, social services, or health departments.

It is important to note that under current federal law (referred to as the Synar regulation), as a condition of receiving the federal Substance Abuse Prevention and Treatment (SAPT) Block Grant, Wisconsin must: 1) prohibit manufacturers, retailers, or distributors of tobacco products from selling or distributing tobacco products to minors, 2) must conduct random unannounced investigations of retail outlets where cigarettes or tobacco products are sold to measure compliance with such prohibitions, and 3) must report annually to the federal Department of Health and Human Services on these activities. The results of the compliance investigations are used to calculate the percentage of retailers that sell tobacco to minors in the state. If the percentage exceeds a target negotiated with the federal government, the federal government can reduce Wisconsin's SAPT block grant award by 40% or \$10 million. The 2001 target non-compliance rate was 22%, but Wisconsin's Synar non-compliance rate for 2001 was 33.7% or 11% over the target. A principle reason why the non-compliance rate is above the target is that municipalities no longer conduct their own compliance investigations for enforcement purposes. They have ceased such investigations since enactment of the current law provision allowing them to conduct the investigations only under contract with DHFS. To the extent that this bill results in more local enforcement efforts, it will enable Wisconsin to maintain current funding under the federal SAPT Block Grant.

Long-Range Fiscal Implications